

TOP SECRET

21 April 1981

MEMORANDUM FOR THE RECORD

Staff Meeting Minutes of 21 April 1981

Admiral Inman was in the chair. The Director was out of the country. []

25X1

In response to Stein's query, Admiral Inman directed that the Director's cable be disseminated to addressees for an upcoming meeting. []

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McMahon briefly noted that NFAC is keeping a sharp eye on the French election as well as the situation in Lebanon. []

25X1

Hitz advised that the new Chief of Staff of the Senate Appropriations Committee will be here Friday for orientation. []

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Hugel related that he will be hosting a lunch tomorrow for the newly appointed but not yet confirmed GSA Administrator, Gerald Carmen, and advised that he is prepared to raise any topic that attendees may suggest. []

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Noting that Admiral Inman will be meeting with Major General Nicholson (D/DMA) this afternoon, Dirks queried whether or not any background material was desired. Admiral Inman explained that this is simply a fact-finding visit about which he will report on later. []

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[] briefly noted his having met with the Executive Order 12036 Working Group yesterday and commented that it's apparent that DoD drafter Jack Thomas was unaware of agreements reached to neither enhance nor detract from DCI authority. In response to Admiral Inman's query, [] noted that [] (OGC) was trying to codify these understandings and Admiral Inman requested that shortly after the NFIC meeting, we have a proposed Executive Order for SIG consideration. He added that NSDDs 1 and 2 are now in the hands of White House Counselor Meese and noted the changes suggested by the FBI have been forwarded. [] noted there was some concern expressed by Justice representatives as to when and to whom they should convey the Attorney General's presentation; namely, Attorney General membership on the SIG and Admiral Inman suggested that they put their views in writing to both the President and the Director. (Action IC and GC)

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Hetu called attention to this morning's New York Times article (attached) with regard to Stanley Sporkin joining us as General Counsel. Fitzwater noted that this had apparently leaked because Mr. Sporkin felt it necessary to inform the recently appointed Chairman of the Securities and Exchange Commission. [redacted]

25X1

Hetu reported that former Agency employee [redacted] was placing unreasonable pressure on the Agency to clear within three days, revisions to an article he intends to have published and about which the Publication Review Board had reached a decision. Silver commented that we should be under no pressure from any quarter on this topic. [redacted]

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Hetu called attention to the item in today's Washington Post (attached) concerning efforts to develop a SNIE on terrorism. In response to Admiral Inman's query as to where this stands, Lehman noted that a revised draft has been prepared by us and if information leaks on it, it will be clear that some here were responsible because this work has been accomplished in-house. Admiral Inman noted that the DIA draft was not as good as expected and work should continue toward a NIC meeting on this matter. In response to McMahon's suggestion that we sort out how to deal with our Committees on this topic, Admiral Inman highlighted his letter to Senator Goldwater in which he explains that we will not be providing a copy of the draft SNIE but will do so when it is finalized. Briggs commented that the Director can expect some queries from Midcareerists on this topic. [redacted]

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[redacted]

Admiral Inman noted that he was continuing his visits to Agency components and offices and noted he was finding this very helpful. [redacted]

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[redacted]

B. C. Evans

Attachments:
As stated

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CIA OPERATIONS CENTER

NEWS SERVICE

Date. 21 April 1981

Item No. 1

Ref. No. _____

DISTRIBUTION II NEW YORK TIMES, 21 April 1981, page A-1

Head of Securities Agency Inquiries Reported Chosen as C.I.A. Counsel

By PHILIP TAUBMAN

Special to The New York Times

WASHINGTON, April 20 — Stanley Sporkin, who has directed investigations of corporate dishonesty for the last seven years, has been appointed general counsel of the Central Intelligence Agency, according to Reagan Administration officials.

The unexpected appointment has not been formally announced but is scheduled to become effective in mid-May. It is likely to generate controversy in the intelligence community because of Mr. Sporkin's longstanding identification with openness in business and government as chief of enforcement for the Securities and Exchange Commission.

As the C.I.A.'s senior legal officer, the general counsel is the Government's leading intelligence lawyer and plays a central role in the formation of intelligence policy. The general counsel, officials said, is often called on to review the legal ramifications of the intelligence agency's operations and to provide formal justification for withholding certain intelligence information from other Government agencies or the public.

William J. Casey, Director of Central Intelligence, personally selected Mr. Sporkin for the job, Administration officials said. They two men worked together from 1971 to 1973, when Mr. Casey was chairman of the securities commission.

The general counsel's job is not subject to Senate confirmation. As a result, any opposition to the appointment would have to be taken directly to Mr. Casey, who reportedly has wanted Mr. Sporkin for the job since taking over the intelligence agency in January.

The two men apparently reached an

agreement within the last several weeks. According to close associates of Mr. Sporkin, he had grown increasingly unhappy at the securities commission in recent years and had complained privately about diminishing support for enforcement activities.

Mr. Sporkin, reached by telephone today, said that he was "not prepared to make any comment at this time" about the appointment.

In the mid-1970's, when the enforcement division of the securities commission was most active, investigations directed by Mr. Sporkin led to revelations of extensive corruption by United States corporations, involving bribery overseas.

Some of the nation's largest corporations, including Exxon, Lockheed Aerospace and Gulf Oil, restructured their corporate governance to prevent further such payments.

The investigations gained Mr. Sporkin a reputation for stubborn independence among his admirers. His critics accused him of overreaching the securities commission's authority.

At the C.I.A., intelligence officials said, Mr. Sporkin will face several difficult issues, many of which may require him to alter a lifetime of support for open government and maximum disclosure of information.

The C.I.A. and other intelligence agencies, for example, have sought to limit public access to their files under the Freedom of Information Act. Arguing that agents of foreign governments could obtain information potentially damaging to the United States, intelligence officials would like to amend the law to make the intelligence agency immune to such requests.

According to officials at the securities commission, Mr. Sporkin opposed an effort by that agency to limit access to information under the Freedom of Information Act.

Mr. Sporkin will also be involved in establishing a legislative charter to govern the intelligence agencies. This effort,

which began in the Ford Administration, has foundered in Congress. As general counsel, Mr. Sporkin will be the focal point for the intelligence community's involvement in charter deliberations.

When he begins work at the agency, Mr. Sporkin will quickly be drawn into a continuing debate over whether restrictions on the C.I.A.'s domestic and overseas surveillance of Americans should be relaxed by Presidential order. The Reagan Administration is currently reviewing the restrictions imposed by President Carter.

Another issue concentrated in the general counsel's office, officials said, is the extent to which the C.I.A. should cooperate with the Justice Department on prosecutions of present or former agency employees accused of espionage.

Such cases often strain relations between the two agencies, officials said, with the intelligence agency usually seeking to handle matters internally, whenever possible, to avoid disclosure of sensitive information in public trials.

When Mr. Casey was being considered for Director of Central Intelligence by the Senate, Mr. Sporkin supported his nomination in a letter to Senator Daniel P. Moynihan, Democrat of New York. Writing at the request of the Senate Intelligence Committee, Mr. Sporkin described Mr. Casey as "an able chairman and a fine person."

Mr. Sporkin also addressed allegations that Mr. Casey attempted in 1972 to limit and delay an securities commission investigation of Robert L. Vesco, the financier accused of stealing millions of dollars from an international mutual fund.

ARTICLE APPEARED
ON PAGE A1

THE WASHINGTON POST
21 April 1981

Liberals Seeking to Bury 'Anti-Terrorism Bill'

Second of two articles
By George Lardner Jr.
Washington Post Staff Writer

When Don Edwards arrived in Washington in 1963 as a liberal freshman Democratic congressman from California, the House Rules Committee was a graveyard for the kind of legislation Edwards held dear.

Now it strikes him as a much more congenial place. Edwards just hopes it's still a reliable graveyard.

The bill he and not a few allies want to bury has been kicking around for years. It would re-create the old House Internal Security Committee,

once known as the House Un-American Activities Committee. The bill has never come to a vote on the House floor, but this year, its enemies lament and its sponsors agree, it might have a chance.

"I think we can win the vote if we can bring it to a vote," says Rep. Larry McDonald (D-Ga.), the principal advocate of the measure. "We have about 50 cosponsors now and I think we should get about 200. We also have a lot of people who say, 'I'll vote for it, but don't ask me to sponsor it, don't ask me to put my name on it.' So there's no question of the support for it."

Edwards, one of the leaders in the prolonged fight to abolish the Un-American Activities Committee, agrees with a grimace.

"There's really a strong tendency to go back to the bad old days," he told assorted liberals, dissenters and civil libertarians who had gathered in a Capitol Hill townhouse recently to deplore the changing times.

The session had been called by the National Committee Against Repressive Legislation, which was born in 1960 as the National Committee to Abolish HUAC and, by its own account, was immediately labeled a "Communist plot" for its work back then. Hundreds of invitations had reportedly been sent out for the get-together. About 60 people came. It looked and sounded very much like a meeting of an endangered species.

Protested NCARL national director Esther Herst.

"What we have now is a government that's talking about getting off the people's backs when it comes to helping people who need it... in terms of health care and food and transportation... and keeping the government very much on the people's backs when it comes to political activities and spying and watching what people are doing on a day-to-day basis."

The watchword for the new mood, however one characterizes it, is terrorism. The issue is the degree of Soviet and surrogate support for it around the world and the dangers of its escalation here. President Reagan has already expressed concern about it, prompting the Central Intelligence Agency and the U.S. intelligence community to begin drafting a new executive order that could make it easier to spy on Americans at home and abroad.

And at the State Department, Secretary Alexander M. Haig Jr. has proclaimed that "international terrorism will take the place of human rights" as a chief concern of U.S. foreign policy. He said terrorism had become "rampant" on both sides of the Iron Curtain, and he accused the Soviet Union of conscious policies and programs to "foster, support and expand this activity" throughout the world.

The charges have served to underline a mounting number of calls to revive the old national-security apparatus that worked so assiduously years ago to root out the "subversives" in American society. In the House, the theme has been captured in a letter signed by Rep. Dan Crane (R-Ill.) that the Council for Inter-American Security has been sending out, calling for support of the "anti-terrorism bill" he is cosponsoring.

"Ronald Reagan needs your support now more than ever," the letter begins. "He needs your help in closing America's 'open door' to bombthrowers, spies and revolutionaries."

This was so, Crane said, because "the liberals have ripped apart our internal security systems" by the abolition of the House Internal Security Committee. "For all we know," he warned, "terrorists are plotting subversive attacks right under our noses. And our hands are tied by the liberals."

Calling for support of the "anti-terrorism bill" — actually McDonald's resolution re-creating the committee — Crane said it would be "a crucial tool in cracking down on terrorists."

The mailing was a big success, according to a Crane spokesman, with more than a million copies sent out. Some 100,000 replies — still to be tabulated — to an enclosed "Internal

Security Public Opinion Survey" came back. Among the questions:

"In your opinion, should we crack down harder on revolutionary groups already inside our borders?"

The answers, in case anyone should doubt what they will be, will be announced at a May 1 seminar on Capitol Hill on the need for resurrecting the House Internal Security Committee, which the House voted to abolish in 1975.

Crane's hometown paper, the Danville (Ill.) Commercial-News, disapproved of the proposed revival in a Feb. 2 editorial, recalling the Un-American Activities Committee's history of excesses, under the headline, "New Witch Hunts Not the Answer." But then, as Crane's office makes clear, Pravda also disapproved, in a Feb. 20 article, headlined "Back to McCarthyism."

Crane complained in his mailing that "here at home, terrorist bombings have already killed dozens of Americans." He repeated that point in a letter to the editor of the Danville paper, after observing that "over 1,200 bombings occurred in the U.S. just last year." He protested that "the hands of the FBI are tied by constraints that prevent them from investigating a terrorist group until they know the group is about to commit a violent act."

"We're convinced we've saved a lot of lives," Mullen declared.

The FBI official feels that terrorist attacks in the United States have increased in severity over the past two years, with more "direct efforts to take a life" instead of wreaking property damage, but that the number of incidents has dropped steadily. There were, for example, 20 terrorist bombings and bombing attempts in this country last year compared with 42 in 1979, 52 in 1978 and 100 in 1977. No one died as a result of any of last

Asked what Crane meant when he referred to the "dozens of Americans dead" from terrorist bombings, the congressman's press secretary, Bill Mencarow, said Crane had been speaking of incidents such as an explosion in a baggage claim area at New York's LaGuardia Airport. That blast, attributed to the Palestine Liberation Organization, killed 12 people and wounded about 70.

It also took place more than five years ago, on Dec. 29, 1975.

In any case, the FBI says it has no evidence of Soviet involvement in terrorist acts in this country.

"We have not established a link," Mullen says. "We have not discovered evidence which would support that contention."

There is evidence of such a link on a worldwide basis, according to knowledgeable government officials, but not, some say, as clear-cut as Secretary Haig has proclaimed in stating that the Russians have been "training, funding and equipping" international terrorists as part of a conscious policy.

On that score, the CIA concluded in a recent — and instantly controversial — draft that there was circumstantial evidence, but not of the beyond-a-reasonable-doubt variety. In short, it disagreed with Haig. The draft, the preliminary version of a so-called National Intelligence Estimate, is now in the process of being reviewed, revised and perhaps amended.

Back in 1976, when Gerald Ford was president, the CIA issued its first public study of terrorism. It concluded then that Moscow's posture towards terrorists — unlike unabashed proponents of revolutionary violence such as Libya's Col. Muammar Qaddafi — was "ambiguous."

The study described the Soviets as somewhat reluctant supporters of "fe-dayeen groups" starting through intermediaries in 1969 after a period of hesitancy that was overcome by "broader interests" such as the Kremlin's adversary relationship with Peking.

The report also cited Moscow's longstanding policy of bringing Third-World revolutionaries to the Soviet Union for training and indoctrination and it said there was "considerable *circumstantial* [italics in the report] evidence linking Moscow to various terrorist formations in Europe." But it also said the Soviets had had "serious misgivings about the utility" and often adverse consequences of terrorism and concluded that "the true dimensions

of Soviet involvement remain extremely difficult to ascertain."

Since then, government sources say, the Soviets have gotten more enmeshed.

"I think there is solid evidence of Soviet financing, training, equipping and flow of arms to Libya, Iraq, Cuba and the PLO," says one official. "There is also evidence of East German and Czechoslovak training of additional countries. There is no hard evidence [of Soviet links] to the Baader-Meinhof gang, the Red Brigades or the Italian Red Army."

Another problem is one of definitions. Some studies, such as the draft National Intelligence Estimate disputing Haig, do not count so-called "wars of national liberation" such as those producing the widespread terrorism in a number of Latin American countries, sources say.

No matter what the definition, worldwide terrorism has been increasing in severity, and Americans — primarily businessmen and diplomats — remain a primary target. U.S. citizens were involved in 40 percent of the terrorist attacks around the world last year. Ten Americans were killed and 94 wounded.

As the 1976 CIA-sponsored study pointed out, however, "comparisons with 'normal' levels of domestic violence in the U.S. may also be useful" in keeping the problem in perspective. For instance, the report pointed out, there were 20,000 homicides in the United States in 1975, compared to the 800 killed in terrorism all over the world in the eight years from 1968 to 1975.

As for the cost of terrorist-caused property damage and ransom payments, the study said, "all indications are that it falls far short of the half-billion-dollar loss suffered to school vandals in the U.S. each year." The report suggested that the biggest dimension of the terrorist problem was its disruptive impact — magnified by the publicity accorded such incidents — on national governments and international relations.

In the view of Rep. Edwards and others at the NCARL meeting, all this

is hardly justification for restoration of the House Internal Security Committee. It would have full authority, under McDonald's resolution, to investigate any groups, foreign or domestic, "their members, agents and affiliates" which seek the overthrow "or alteration of" the U.S. government "by any unlawful means." It would also be able to call back all the old files of the old Un-American Activities or Internal Security committees, now stored under lock and key at the National Archives.

Some liberals see this as a much more ominous prospect than the existence of the new Senate subcommittee on terrorism, at least for the moment. The Senate subcommittee chairman, Jeremiah Denton (R-Ala.), "has been reassuring everybody that they're not another HUAC over there," says American Civil Liberties Union lawyer Jerry Berman. "But in the House, it's clear what they're doing."

"The roots of terrorism lie within a society," Edwards, who is chairman of the House civil and constitutional rights subcommittee, told the audience. "It's not a great threat, in the United States.... Terrorism is 17th now on the FBI's list of priorities."

Edwards was still plainly worried. "We are prone to national panics in this country," he said. "And I'm afraid I see on the horizon some kind of hysteria about terrorism.... We have to work very hard to make sure the American people keep a cool head

about terrorism. Because it's very likely to be used politically as a scare scheme."

McDonald hopes to demonstrate otherwise, to show that "this is not a fly-by-night issue, that it's got a lot of support."

"The groups supporting this include the American Legion, the Veterans of Foreign Wars, the International Association of Police Chiefs," McDonald declared. "It's not something that's a figment of somebody's imagination."